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- ♦ Ada, Adams, Boise, Canyon, Elmore, Gem, Owyhee, Payette, Valley, Washington

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- ♦ Benewah, Bonner, Boundary, Clearwater, Idaho, Kootenai, Latah, Lewis, Nez Perce, Shoshone

Twin Falls: (208) 733-5380

- ♦ Blaine, Camas, Cassia, Gooding, Jerome, Lincoln, Minidoka, Twin Falls



Committed to the future
of rural communities.

UNITED STATES
DEPARTMENT OF
AGRICULTURE



Committed to the future of rural communities.

COMMUNITY FACILITIES GUARANTEED LOANS

Boise State Office
9173 W. Barnes Dr.
Suite A-1
Boise, Idaho 83709

<http://www.rurdev.usda.gov>

PURPOSE:

- ◆ Provide financial assistance (loan guarantees) to eligible lenders to assist borrowers in rural communities up to 20,000 population, for developing essential public community facilities or services.

ELIGIBLE LENDERS:

- ◆ Federal or State chartered bank or savings and loan association.
- ◆ Mortgage company that is part of a bank holding company.
- ◆ Farm Credit Bank.
- ◆ Insurance Company regulated by a State or National insurance regulatory agency.
- ◆ Other lenders as approved by USDA.

ELIGIBLE BORROWERS:

- ◆ Entity that borrows from the lender.
- ◆ Public body such as a city, county, district, or other political subdivision.
- ◆ An organization operated on a not-for-profit basis such as an association, cooperative, or private corporation.
- ◆ Federally recognized Indian tribe.

ELIGIBILITY REQUIREMENTS:

- ◆ Facility must be for public use.
- ◆ Facility must have broad-based community support.
- ◆ Applicant must be unable to obtain all credit elsewhere with the loan guarantee.
- ◆ Applicant must have legal authority and responsibility to own, operate and maintain the facility. Management agreements can not contain an "option to purchase" clause.
- ◆ Facility must be necessary for orderly community development and consistent with the State's Strategic Plan.
- ◆ Facilities must be modest in size, cost and design.

ELIGIBLE PURPOSES:

- ◆ Construct, enlarge, extend or improve essential community facilities providing essential services, primarily to rural residents and rural businesses for health services, public safety, public services and telecommunication (medical or educational.)
- ◆ Purchase of equipment to provide essential service.
- ◆ Purchase existing facilities.
- ◆ Reasonable fees and costs such as: origination or loan guarantee fees, engineering, legal, administrative, environmental and planning services.
- ◆ Costs of acquiring interest in land; rights of way, etc.
- ◆ Fire, rescue & public safety (fire stations, fire & rescue equipment, jails, police stations.)
- ◆ Health services (clinics, nursing homes, assisted living, group homes.)
- ◆ Community, social or cultural services (libraries, schools, day-care, museums.)
- ◆ Transportation facilities (bridges, roads, airports, parking facilities.)
- ◆ Telecommunication equipment (telemedicine and distance learning.)
- ◆ Natural gas distribution.
- ◆ Support structures for rural electric and telephone systems when not eligible for RUS.
- ◆ Recreational facilities which are family oriented.

GUARANTEE:

- ◆ Up to 90% of eligible loss.
- ◆ A 1% guarantee fee is payable by the lender to USDA, when the guarantee is issued.
- ◆ Is issued after the facility is substantially complete and ready for occupancy.
- ◆ Lender will retain a minimum of 5% of total loan amount from the unguaranteed portion. No guarantee on tax-exempt funds.

- ◆ Saleable in the secondary market to increase lender yields and free up lender funds.
- ◆ Reduces required FDIC loan loss reserves, as guaranteed portion of loan does not count against the lender's standard loan limits.

INTEREST RATES:

- ◆ Negotiated between the Lender and Borrower.
- ◆ Fixed or variable. Typically set when construction is complete and the term is closed.
- ◆ If variable, rate must be tied to a recognized regional or national publication.
- ◆ Variable rates may not be changed more often than quarterly.
- ◆ Balloon payments are not allowed.

TERMS:

- ◆ Maximum term on all loans is 40 years. However, no repayment period will exceed any statutory limitation on the organization's borrowing authority nor the useful life of the facility or improvement to be financed.

APPLICATIONS:

- ◆ Applications may be submitted at any time and compete for funding with other applications on hand.
- ◆ The Lender and the Borrower jointly prepare applications.
- ◆ The USDA, Rural Development will advise the Lender and Borrower in how to assemble information to determine engineering feasibility, economic soundness, cost estimates, organization, financing, and management matters in connection with the proposed improvements.
- ◆ Contact the Area Office serving your county for further information.